



Final Loan Review Findings

Mitigated Findings for Quarter ending December 31, 2013



The initial loan review ratings for the quarter ending December 31, 2013 were shared in the March 2014 edition of Lender Insight. The updated report below reflects the revised results as of a data refresh on July 1, 2014.

Finding Category	% of Total	% Initial U	% M	% U as of 7/1/14	% Change
Program Eligibility	10%	74%	67%	7%	-90%
Credit/Underwriting	25%	79%	67%	12%	-85%
Collateral/Asset Valuation	7%	63%	59%	4%	-93%
Operational Deficiencies	9%	73%	63%	10%	-86%
File Documentation	50%	65%	61%	3%	-95%
Totals	100%				

Total Loans Reviewed:	5,504
Conforming:	15%
Deficient:	39%
Initial Unacceptable (U):	48%
Mitigated (M):	40%
Unacceptable (U) as of 7/1/14:	6%
Indemnifications Received:	263

Top 5 Findings Ranked by Category

Program Eligibility	% of Total	% Initial U	% M	% U as of 7/1/14	% Change
1. Purchase contract, Real Estate Certificate and/or amendatory clause missing, illegible or incorrect.	25%	63%	61%	2%	-97%
2. Issues related to National Mortgage Licensing System registration requirements.	13%	64%	62%	2%	-97%
3. Borrower not owner occupant, property not principal residence, possible investor issues and/or eligibility requirements for principal residence not met.	12%	70%	65%	5%	-92%
4. Mortgage amount incorrect, loan-to-value limit and/or statutory limit exceeded.	11%	97%	75%	22%	-77%
5. Streamline refinance eligibility criteria not met.	10%	80%	70%	10%	-88%
6. All other	28%	78%	70%	8%	-89%
	100%				

Credit and Underwriting	% of Total	% Initial U	% M	% U as of 7/1/14	% Change
1. CAIVRS, LDP/GSA authorization and/or delinquent federal debt issues not properly documented or satisfied.	22%	66%	64%	2%	-97%
2. Unacceptable, unsupported or insufficient source of funds.	16%	81%	69%	12%	-86%
3. Income improperly documented.	12%	81%	67%	13%	-83%
4. Concerns related to assets derived from gift(s).	12%	78%	68%	10%	-87%
5. Obligations of borrower(s) (non-purchasing spouses included) omitted, inaccurate, not supported, not disclosed, and/or illegible.	11%	84%	69%	15%	-82%
6. All other	27%	86%	67%	19%	-78%
	100%				

Collateral/Asset Valuation	% of Total	% Initial U	% M	% U as of 7/1/14	% Change
1. Concerns related to the Neighborhood, Site, and/or Improvements section of the appraisal report.	40%	59%	56%	3%	-94%
2. Concerns related to Sales Comparison Approach section of the appraisal report.	40%	54%	52%	2%	-96%
3. Property does not meet Minimum Property Requirements or Standards.	9%	92%	80%	11%	-88%
4. Appraisal is missing or expired.	5%	76%	71%	5%	-94%
5. Repairs not acceptably addressed.	4%	94%	85%	8%	-91%
6. All other	2%	59%	48%	11%	-82%
	100%				

Updated
July 1, 2014

Top 5 Findings Ranked by Category (Continued)

File Documentation	% of Total	% Initial U	% M	% U as of 7/1/14	% Change
1. Form HUD-92900-A not properly completed or missing.	23%	55%	54%	1%	-98%
2. HUD-92900-LT FHA Loan Underwriting and Transmittal Summary is missing, illegible or incorrect.	13%	57%	56%	1%	-98%
3. Uniform Residential Loan Application not properly completed or missing.	12%	57%	56%	1%	-99%
4. HUD-92800.5B substantially incomplete, incorrect or missing.	10%	60%	59%	0%	-99%
5. HUD-1, HUD-1 Addendum if applicable, and/or Good Faith Estimate either missing, not the final copy, not complete or illegible.	7%	63%	61%	2%	-97%
6. All other	35%	79%	71%	8%	-90%
	100%				

Operational Deficiencies	% of Total	% Initial U	% M	% U as of 7/1/14	% Change
1. Data integrity deficiencies: File documentation does not support Accept/Approve decision in AUS.	42%	77%	65%	11%	-85%
2. Lender Insured data integrity concerns: Insured loan data entered in FHA Connection is not supported by file documents.	31%	64%	56%	8%	-88%
3. Unallowable, excessive costs/credits to borrower or other HUD-1 and/or Good Faith Estimate inaccuracies.	16%	77%	67%	10%	-87%
4. Non-Lender Insured data discrepancies exist between information entered into FHA Connection and the case binder, but do not affect loan approval or insurability.	7%	68%	62%	6%	-91%
5. Sales contract dated less than 91 days from acquisition date by seller.	1%	95%	74%	21%	-78%
6. All other	2%	90%	70%	20%	-78%
	100%				